



House of Representatives

File No. 729

General Assembly

January Session, 2005

(Reprint of File No. 109)

Substitute House Bill No. 6831
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 6, 2005

AN ACT PREVENTING BANK FRAUD AND IDENTITY THEFT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-44 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2005*):

3 No provision of sections 36a-41 to 36a-45, inclusive, shall be
4 construed to prohibit: (1) The preparation, examination, handling or
5 maintenance of any financial records by any officer, employee or agent
6 of a financial institution having custody of such records or the
7 examination of such records by a certified public accountant engaged
8 by the financial institution to perform an independent audit; (2) the
9 examination of any financial records by, or the furnishing of financial
10 records by a financial institution to any official, employee or agent of a
11 supervisory agency solely for use in the exercise of the duties of such
12 official, employee or agent; (3) the publication of data furnished from
13 financial records relating to customers where such data does not
14 contain information identifying any particular customer or account; (4)
15 the making of reports or returns required under the Internal Revenue

16 Code of 1986, or any subsequent corresponding internal revenue code
17 of the United States, as from time to time amended; (5) disclosure of
18 information permitted under the Uniform Commercial Code
19 concerning the dishonor of any negotiable instrument; (6) the
20 exchange, in the regular course of business, of credit information
21 between a financial institution and other financial institutions or
22 commercial enterprises, directly or through a consumer reporting
23 agency; (7) disclosures to appropriate officials of federal, state or local
24 governments upon suspected violations of the criminal law; (8)
25 disclosures pursuant to a search warrant issued by a judge of the
26 Superior Court or a judge trial referee under the provisions of section
27 54-33a; (9) disclosures concerning lawyers' clients' funds accounts
28 made to the state-wide grievance committee pursuant to any rule
29 adopted by the judges of the Superior Court; (10) disclosures to the
30 purported payee or to any purported holder of a check, draft, money
31 order or other item, whether or not such check, draft, money order or
32 other item has been accepted by such payee or holder as payment, or
33 to any financial institution purportedly involved in the collection
34 process of a check, draft, money order or other item whether such
35 check, draft, money order or other item would be paid if presented at
36 the time of such disclosure; (11) any disclosure made in connection
37 with a financial institution's attempts to preserve its rights or
38 determine its liabilities with regard to any funds transfer or any check,
39 draft, money order or other item drawn by or upon it or handled by it
40 for collection or otherwise; (12) disclosures to an insurance company
41 for purposes of risk assessment in connection with obtaining or
42 maintaining a surety bond or fraud investigations; (13) any other
43 disclosure required under applicable state or federal law or authorized
44 to be made to any regulatory or law enforcement agency under
45 applicable state or federal law; (14) disclosures made to a broker-dealer
46 or investment advisor that is engaged in a contractual networking
47 arrangement with the financial institution making the disclosure,
48 provided, it is clearly and conspicuously disclosed to the customer that
49 the information may be communicated among such entities and the
50 customer is given a reasonable opportunity, before the time that the

51 information is initially communicated, to direct that such information
52 not be communicated among such entities; (15) disclosures made to a
53 customer service representative who is employed by, or otherwise acts
54 as an agent for, both the financial institution and a broker-dealer, or
55 both the financial institution and an investment advisor, where such
56 broker-dealer or investment advisor is engaged in a contractual
57 networking arrangement; [and] (16) disclosures to other employees or
58 agents of a broker-dealer or investment advisor engaged in a
59 contractual networking arrangement in order to comply, or verify
60 compliance, with applicable laws governing the activities of the
61 financial institution, broker-dealer or investment advisor; (17) any
62 disclosure of information to an information network for fraud
63 prevention accessed by financial institutions and law enforcement
64 authorities for the exclusive purpose of detecting or protecting against
65 actual or potential fraud or unauthorized transactions; and (18)
66 disclosures made to a victim of identity theft pursuant to the federal
67 Fair Credit Reporting Act, 15 USC 1681g. For purposes of this section,
68 the phrase "contractual networking arrangement" means a contractual
69 arrangement between a financial institution and a broker-dealer
70 registered in this state or an investment advisor registered in this state
71 or that has filed a notice of exemption pursuant to subsection (e) of
72 section 36b-6, where the broker-dealer or investment advisor offers
73 securities related services to the customers of the financial institution.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2005	36a-44
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The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Banking Dept.	BF - None	None	None

Note: BF=Banking Fund

Municipal Impact: None

Explanation

The bill as amended expands the list of exceptions to the general prohibition against a financial institution's disclosure of a customer's financial records without the customer's permission. The bill also makes other various changes, none of which have a fiscal impact.

House "A" alters certain definitions in the bill, but has no fiscal impact.

OLR BILL ANALYSIS

sHB 6831 (as amended by House "A")*

AN ACT PREVENTING BANK FRAUD AND IDENTITY THEFT**SUMMARY:**

This bill expands the exceptions to the general prohibition against a financial institution's disclosure of a customer's financial records without the customer's permission. The bill allows the disclosure of a customer's information to an information network for fraud prevention that is accessed by financial institutions and law enforcement authorities exclusively to detect or protect against actual or potential fraud or unauthorized transactions.

The bill also allows the disclosure of a customer's financial information to victims of identity theft pursuant to the federal Fair Credit Reporting Act. Under the 2003 amendments to the Act, identity theft victims are entitled to get a copy of the application or other business transaction records relating to their identity theft from businesses free of charge. Because Connecticut law defines "customer" as any person who uses the services offered by a financial institution, victims of identity theft might not otherwise be able to obtain relevant information since they did not actually use such services.

*House Amendment "A" limits the bill's scope by excluding information networks that are accessed by "other commercial enterprises" and deletes the definition of the term. It also deletes the provision allowing networks to be used to detect or protect against "claims or other liability" and specifies that networks must be accessed exclusively for the purposes stated in the bill.

EFFECTIVE DATE: October 1, 2005

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute
Yea 18 Nay 0